



## **Request for City Council Committee Action from the Department of Finance & Property Services**

**Date:** June 15<sup>th</sup>, 2015

**To:** Honorable John Quincy, Chair, Ways & Means Committee

**Subject:** Investment Policy & Strategy revisions

**Recommendation:** Approve and Implement Investment Policy revisions

**Financial Impact:**

Implementation of this resolution is not expected to have an impact on the investment portfolio holdings or its performance.

**Department Information**

Prepared by: Bruce G. Plante III, Treasury Director, 673-3008

Approved by: \_\_\_\_\_  
Kevin Carpenter, CFO, Finance & Property Services, 673-3554

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Spencer R. Cronk, City Coordinator

Presenter in Committee: Bruce G. Plante III

**Supporting Information:**

In March, 2015 the City Council passed a resolution "Committing to continued divestment from fossil fuel companies and calling on our partners to divest." Staff direction in the resolution states: "Minneapolis Finance staffs are directed to update the City of Minneapolis Investment Policy and Strategy to include this divestment from fossil fuel companies."

Investment Policy and Strategy additions and clarifications:

**Policy  
Section**

IV. Portfolio Objectives and Strategy, sub-section, Portfolio Strategy

- Page 2 and 3, Replaced reference to General Agency Reserve Fund System (GARFS) with debt service reserves as GARFS are not the only debt service reserves.

V. Authorized Investments

- Page 4. Added a new sub-section “Additional Restrictions on authorized investments imposed by the City:” (Fossil fuel divestment resolution)

Investment Policy language below:

The City Council of the City of Minneapolis has resolved to not invest City funds, directly or indirectly, in fossil fuel companies. All investment managers, whether City employees or external managers, shall take care to exclude from the segment of the City’s investment portfolio under their management, any type of investment securities of such companies. All individuals involved in the City’s investment program, including external investment managers, Independent Investment Consultant, Investment Compliance Administrator and the Treasury Director, shall monitor the portfolio to ensure compliance with the divestment from fossil fuel companies resolution.

VII. Delegation of Authority, sub-section, Investment Managers

- Page 5, clarified language to express that all of the City’s investment managers are “discretionary”, i.e., it is the manager’s prerogative to purchase and sell securities (types, quantities and maturities) within the constraints of the City’s liquidity needs, Investment Policy, management agreement and applicable law. Existing language states “Operating and bond proceeds portfolios however may be managed on a non-discretionary basis...”

VIII. Financial Counter-parties 1. Security Broker/Dealers

- Page 5 and 6, Clarified language to reflect that the responsibility to ensure compliance with the City’s Investment Policy is, primarily, our contracted Investment Managers’ (who are making the investment decisions) not the broker/dealers who the Investment Managers purchase securities through. Industry practice is to place this responsibility on the Investment Manager.
- Page 6, Custodian, clarified cash account language and perfection of delivery vs. payment language (DVP).